US employers defy economic shock from Iran war and add a surprisingly strong 115,000 jobs in April

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WASHINGTON (AP) — America's employers a delivered a surprising 115,000 new jobs last month despite an economic shock from the Iran war.

Hiring was better than the 65,000 forecasters had expected, though it decelerated from the 185,000 jobs created in March. The unemployment rate remained at a low 4.3%.

The Iran war has caused the biggest disruption of global oil supplies in history and sent average U.S. gasoline prices surging past $4.50 a gallon this week. But the conflict hasn't done much damage to the American job market so far.

Healthcare added 37,000 jobs last month and transportation and warehousing companies 30,000. However, manufacturers cut 2,000 jobs in April and have shed 66,000 jobs over the past year despite President Donald Trump's protectionist policies aimed at creating factory jobs.

Labor Department revisions shaved 16,000 jobs from February and March payrolls.

Average hourly earnings rose 0.2% from March and 3.6% from April 2025, consistent with the Federal Reserve's 2% inflation target.

The number of people in the U.S. labor force dropped last month, and the share of those working or looking for work — the so-called labor force participation rate — dropped to 61.8%, lowest since October 2021.

Baby Boomer retirements and Trump's immigration crackdown mean that fewer people are competing for work and that the economy doesn't need to generate as many jobs as it used to.

Matthew Martin of Oxford Economics says the so-called break-even point — the number of new jobs required each month to keep the unemployment rate from rising — is now near zero.

After the U.S. and Israel launched their attacks Feb. 28, Iran shut down the Strait of Hormuz, through which about a fifth of the world's oil and liquefied natural gas passes. The disruption has caused a painful increase in the price of energy and led many economists to downgrade their estimates for global and U.S. economic growth.

But the fallout isn't showing up yet in the U.S. job market.

Payroll processor ADP reported Wednesday that private employers added a solid 109,000 jobs in April. The ADP figure isn't a reliable guide to what the Labor Department will report Friday – but the pace of hiring it showed was the fastest since January 2025. And on Tuesday the Labor Department reported that a measure of gross hiring – before subtracting those who left or lost their jobs – was stronger in March than it had been in more than two years.

The economy is getting a boost from big tax refund checks this spring, arising from Trump's tax cut legislation last year; the refunds allow consumers to spend more freely, giving companies an incentive to add workers in response to rising sales.

The job market is showing intermittent signs of recovery after a bleak 2025. Employers last year created just 9,700 jobs a month, fewest outside a recession year since 2002. High interest rates and uncertainty over Trump's economic policies held back hiring.

There's been progress this year, but it's been uneven — strong growth (160,000 new jobs) in January, March (185,000) and April's 115,000 and one bad month (employers cut 156,000 jobs in February).

U.S. hiring, though, has been dominated by one industry: Healthcare companies, catering to an aging American population, have added 456,000 jobs over the past year; other employers have combined to cut 205,000 over the 12 months that ended in April.

Still, Heather Long, chief economist at Navy Federal Credit Union, noted that last month's job gains extended beyond healthcare. Retailers, for example, added 22,000 jobs and construction companies 9,000.

"America's hiring recession appears to be over,'' she wrote. "Average job gains in 2025 were an anemic 10,000 a month. So far in 2026, the average is 76,000. The bad news is inflation is eating up wage gains again. Wages grew at 3.6%. That certainly won't be enough at a time when inflation is expected to hit 4%. Americans still have jobs, but they are financially squeezed by surging gas prices and transportation costs."

The jobs data will likely keep the Federal Reserve on the sidelines, as it holds its key rate unchanged while evaluating the economic impact of the Iran war. Fed officials are increasingly focused on inflation, which has risen quickly since the war, driven higher by spikes in gasoline prices.

Inflation jumped to 3.3% in March, a two-year high and far above the Fed's target. The Fed typically keeps its rate unchanged -- or even raises it -- to combat inflation, while it cuts rates to spur more growth and hiring. Early this year many Fed policymakers were worried

the job market was stalling and leaned toward rate cuts. But in more recent months hiring has stabilized, undermining the case for cuts.

At its most recent meeting last week, three officials voted in favor of changing their post-meeting statement to suggest the Fed's next move could either be a cut or an increase in interest rates

The strong hiring data lands as U.S. corporations post solid quarterly performances to start the year.